

SPEECH BY SBA ADMINISTRATOR
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TO THE

NATIONAL ASSOCIATION
OF SMALL BUSINESS INVESTMENT COMPANIES

43RD ANNUAL MEETING

MONDAY, October 15, 2001

**AS YOU CAN SEE, THIS CITY IS WORKING. WE'RE
GETTING THINGS DONE, WE ARE RECOVERING FROM THE
EVENTS OF SEPTEMBER 11, AND WE'RE ALL GOING TO BE
STRONGER FOR IT.**

**THE PRESIDENT – AND REALLY ALL OF US – ALL OF US
AS AMERICANS ARE ANSWERING THE CHALLENGE OF
SEPTEMBER 11TH.**

**THE SBA IS RESPONDING BY PROVIDING DISASTER
RELIEF TO THOUSANDS OF BUSINESSES AND INDIVIDUALS
DIRECTLY AFFECTED BY THE ATTACKS.**

**WE HAVE 94 PEOPLE WORKING WITH BUSINESSES TO
GET THEM BACK INTO OPERATION AS SOON AS POSSIBLE.**

**AS OF TODAY, WE HAVE APPROVED 346 CHECKS TOTALING
50 MILLION DOLLARS.**

**I HAVE BEEN TO GROUND ZERO IN NEW YORK CITY
AND THE NEIGHBORHOODS NEAR THE PENTAGON.**

**WHILE I WAS THERE, I MET WITH A SMALL BUSINESS
OWNER, WHO TOLD ME THAT THE TERRORISTS TRIED TO
DECLARE A VICTORY BY DESTROYING THE WORLD TRADE
CENTER BUILDINGS, BUT HE INSISTED THEY WOULD NOT
SCORE A SECOND VICTORY BY CLOSING HIS BUSINESS.**

**THIS IS THE PATRIOTISM AND THE TRUE AMERICAN
ENTREPRENEURIAL SPIRIT THAT I HAVE SEEN IN NEW
YORK, AND ACROSS THE COUNTRY. THIS IS WHY AMERICA
WILL RECOVER AND SUCCEED.**

**AND WITH THE PRESIDENT'S ECONOMIC RECOVERY
PLAN, WE ARE GOING TO SUCCEED.**

**THE PRESIDENT HAS PROPOSED AN ECONOMIC
STIMULUS PLAN THAT WILL BOLSTER OUR ECONOMY AND**

SPUR DEMAND BY ALLOWING BUSINESSES AND INDIVIDUALS TO KEEP MORE OF WHAT THEY EARN.

THE FOCUS OF THE PRESIDENT'S PLAN IS HAVING CONGRESS, AS QUICKLY AS POSSIBLE, PASS TAX RELIEF EQUAL TO OR GREATER THAN THE FUNDS WE HAVE APPROPRIATED FOR EMERGENCY RELIEF.

THE PRESIDENT WANTS A NEW ROUND OF TAX CUTS TO BOOST CONSUMER CONFIDENCE FOR INDIVIDUALS AND ENCOURAGE INVESTMENT FOR BUSINESSES, AND AID TO PEOPLE WHO HAVE LOST THEIR JOBS BECAUSE OF THE TERRORIST ATTACKS.

WE NEED TO STIMULATE DEMAND BY ACCELERATING THE MARGINAL RATE TAX CUTS THAT WERE NOT SCHEDULED TO TAKE EFFECT UNTIL 2004 – GOOD FOR S-CORPORATIONS AND SOLE PROPRIETORSHIPS, AND GOOD FOR LOW- AND MODERATE-INCOME WORKERS, AS WELL.

WE NEED TO STIMULATE INVESTMENT BY ALLOWING FOR ENHANCED EXPENSING OF CAPITAL EXPENDITURES, AND ELIMINATING THE ALTERNATIVE MINIMUM TAX.

THE PRESIDENT ALSO IS CONSIDERING INCREASED DEPRECIATION AND EXPENSING FOR BUSINESSES, AS WELL AS MORE LOSS DEDUCTIONS.

IN OTHER WORDS, THE PRESIDENT'S PLAN WILL IMPROVE THE INCENTIVES IN THE ECONOMY AND PROMOTE PRIVATE RISK-TAKING. THIS IS THE RIGHT PROPOSAL AT THE RIGHT TIME.

THIS IS GOING TO BE A LONG-TERM REBUILDING EFFORT, AND, WE ARE GOING TO BE A PART OF IT. WE ARE GOING TO BE ADVOCATES FOR THESE SMALL BUSINESSES, AND WE'RE GOING TO FIGHT FOR THEM.

YOU HAVE THE OPPORTUNITY TO HELP. I ENCOURAGE YOU TO LOOK NOW FOR OPPORTUNITIES TO INVEST IN THE AMERICAN ECONOMY TODAY – NOT JUST IN NEW YORK AND WASHINGTON – BUT ACROSS THE COUNTRY.

THE AMERICAN ECONOMY NEEDS YOUR PARTICIPATION AS NEVER BEFORE. YOUR ROLE HAS NEVER BEEN MORE IMPORTANT THAN IT IS NOW, BOTH TO FIND PROMISING BUSINESSES AND TO INVEST IN THEM.

THAT'S WHO YOU ARE, AND THAT'S WHAT YOU KNOW HOW TO DO. AND WITH OUR STRONG PARTNERSHIP, WE WILL HELP YOU DO IT.

I BELIEVE IN STRONG PARTNERSHIPS. I BELIEVE IN SMALL BUSINESS. IT'S IN MY BLOOD. I WANT TO TELL YOU A LITTLE ABOUT MYSELF, SO YOU'LL UNDERSTAND WHERE I'M COMING FROM.

- **EXTEMPORIZE ABOUT BACKGROUND**
- **(ENDING WITH JOINING AND BECOMING CHAIRMAN OF LBA)**
- **LIKE MY PARENTS, I WANTED TO GIVE BACK TO THE SMALL BUSINESS COMMUNITY.**

I BECAME CHAIRMAN OF THE BOARD OF THE LATIN BUSINESS ASSOCIATION OF LOS ANGELES, DURING A TIME OF GREAT DIFFICULTY FOR ITS MEMBERS. AND I AM PROUD THAT I HELPED TURN IT AROUND.

I HELPED TURN IT AROUND BY EMPHASIZING AND BUILDING RELATIONSHIPS WITH OUR CORPORATE PARTNERS, AND I WANT TO USE MY EXPERIENCE AT THE LATIN BUSINESS ASSOCIATION AS THE MODEL FOR THE RELATIONSHIP I WANT TO HAVE WITH NASBIC.

WHEN I FIRST JOINED THE LBA, ITS FUTURE WAS IN DOUBT. ITS GOALS – EVEN ITS RELEVANCE – WERE UNCLEAR. I WANTED IT TO GROW.

I WANTED IT TO WIN SO THAT ALL OF ITS MEMBERS COULD WIN.

ONE MAJOR PROBLEM WAS THE LACK OF A STRONG, PRODUCTIVE RELATIONSHIP WITH OUR CORPORATE

**PARTNERS, INCLUDING BANKS. I WENT TO THEM AND SAID:
HOW ARE WE DOING? WHAT IS OUR RELATIONSHIP? WHAT
DO YOU NEED FROM US? LET ME TELL YOU WHAT WE NEED
FROM YOU.**

**THEY WERE HONEST AND DIRECT WITH ME. AND I WAS
CANDID WITH THEM. AND THINGS STARTED TO HAPPEN...
BECAUSE NOW WE ALL UNDERSTOOD BOTH SIDES OF THE
RELATIONSHIP.**

**AND IT WORKED. IT WORKED BECAUSE WE OPENED AN
HONEST DIALOGUE, WE REDEFINED OUR RELATIONSHIP
AND STRENGTHENED OUR PARTNERSHIP.**

**THAT'S WHAT I WANT TO DO WITH NASBIC. AND I
KNOW WE CAN DO IT. IF YOU JUST LISTEN TO YOUR
CUSTOMERS, THEY WILL TELL YOU WHAT THEY NEED TO
SUCCEED. I AM HERE TO LISTEN TO YOU – AND WE ARE
COMMITTED TO YOUR SUCCESS.**

AND I HAVE EVERY CONFIDENCE THIS WILL CONTINUE TO BE A GREAT PARTNERSHIP. IT CERTAINLY WAS GREAT THIS PAST YEAR.

LET'S LOOK AT THE NUMBERS. THE SBIC PROGRAM TURNED IN SOME VERY STRONG NUMBERS OVER THE PAST YEAR.

THE SBIC PROGRAM HAS INVESTED ALMOST FOUR-AND-HALF BILLION DOLLARS IN 43-HUNDRED FINANCINGS.

WE LICENSED 51 NEW COMPANIES, 36 OF THEM IN PARTICIPATING SECURITIES. THOSE NEW COMPANIES BROUGHT MORE THAN ONE-POINT-ONE BILLION DOLLARS IN NEW PRIVATE CAPITAL INTO THE PROGRAM.

WE COMMITTED MORE LEVERAGE TO YOU THAN EVER BEFORE – MORE THAN \$2 BILLION TO PARTICIPATING SECURITIES COMPANIES AND \$480 MILLION TO DEBENTURES COMPANIES.

I KNOW THAT YOU WANT HIGHER PROGRAM LEVELS FOR LEVERAGE, AND WE TOOK A MAJOR STEP IN THAT DIRECTION THIS YEAR WHEN THE BUSH ADMINISTRATION PROPOSED A ZERO-SUBSIDY PROGRAM FOR PARTICIPATING SECURITIES. WE'RE ALREADY THERE FOR DEBENTURES, BUT WE DON'T KNOW IF WE'LL GET IT FOR PARTICIPATING SECURITIES UNTIL THIS YEAR'S BUDGET IS FINALIZED.

THE SBA IS WORKING TO MAKE SURE WE HAVE THE RESOURCES TO STICK WITH A REASONABLE TIMELINE ON REVIEWS, ON LICENSING, ON EVERY STEP IN THE PROCESS.

WE WILL STAND BY YOU, AS WE ALWAYS HAVE, WHEN TIMES ARE TOUGH. DURING THESE UNCERTAIN ECONOMIC TIMES, I RECOGNIZE THE NEED TO WORK WITH YOU WHEN THE ECONOMICS OF VENTURE CAPITAL GO AGAINST US.

WE WANT TO BE GOOD PARTNERS, WE WANT YOU TO WIN.

NOW, I WANT TO CONGRATULATE YOU ON YOUR PERFORMANCE IN LMI AREAS. 22 PERCENT OF YOUR

**INVESTMENT DOLLARS WENT INTO LMI AREA BUSINESSES
LAST YEAR. YOU HAVE ANSWERED THAT CALL, AND WE
RECOGNIZE IT. WELL DONE.**

**AT THE SAME TIME, WE STILL HAVE SOME ISSUES WITH
DIVERSITY. NOT ENOUGH OF OUR INVESTMENTS ARE
FLOWING INTO COMPANIES OWNED BY MINORITIES AND
WOMEN.**

**I'M NOT ASKING YOU TO INVEST IN THESE COMPANIES
BECAUSE IT'S THE NICE THING TO DO, OR IT'S THE RIGHT
THING TO DO, OR THE POLITICALLY CORRECT THING TO
DO.**

**YOU SHOULD INVEST IN THESE BUSINESSES BECAUSE
IT'S THE SMART THING TO DO. THESE COMPANIES ARE
OFFERING GREAT GROUND-FLOOR OPPORTUNITIES FOR
YOU TO MAKE PROFITABLE INVESTMENTS.**

**THE NEIGHBORHOOD IS CHANGING. BUSINESSES
OWNED BY MINORITIES AND WOMEN ARE THE FASTEST
GROWING SEGMENT OF THE MARKET.**

THE NUMBER OF HISPANIC-OWNED BUSINESSES IS DOUBLING EVERY FEW YEARS. THE PURCHASING POWER OF MINORITIES IS A TRILLION DOLLARS AND CLIMBING.

THIS IS NOT A MARKET WE CAN IGNORE.

WHAT I AM ASKING YOU TO DO IS GET MORE DIVERSITY IN YOUR OWN OFFICES. DO YOU HAVE THE RIGHT MIX, THE RIGHT EXPERTISE, TODAY? IF YOU DON'T, YOU NEED TO HIRE IT OR ACQUIRE IT.

BUSINESS IS ALL ABOUT RELATIONSHIPS, AND RIGHT NOW, YOU NEED MORE PEOPLE WITH RELATIONSHIPS IN THESE COMMUNITIES. BECAUSE IT'S THE SMART THING TO DO.

THERE ARE THREE PRINCIPLES THAT DRIVE MY DAY. LEADERSHIP. INTEGRITY. COMMUNITY.

I WOULD LIKE TO CALL ON YOU TO JOIN ME IN MAKING DREAMS COME TRUE FOR MILLIONS OF SMALL BUSINESSMEN AND WOMEN IN AMERICA. I ASK FOR YOUR

**LEADERSHIP IN APPLYING YOUR EXPERTISE, CREATIVITY
AND DEDICATION TO KEEPING OUR COUNTRY HEALTHY,
WEALTHY AND STRONG.**

**WE HAVE NOTHING IF WE DO NOT HAVE OUR GOOD
NAME, A NAME THAT PEOPLE CAN TRUST. THE SBA WILL
REPRESENT INTEGRITY TO OUR CUSTOMERS AND
PARTNERS. WE OWE IT TO THE AMERICAN CITIZENS WHO
ENTRUST US WITH THEIR GOVERNMENT.**

**THE VALUE OF COMMUNITY HAS BEEN ESPECIALLY
REINFORCED IN THE PAST FEW WEEKS.**

**I CAN ASSURE YOU THAT THE SBA WILL WORK AS ONE
COMMUNITY DEDICATED TO PROVIDING OUR PROGRAMS
AND SERVICES TO EVERY AMERICAN – IN HIS OR HER
COMMUNITY – WHO ENVISIONS OWNING AND OPERATING
THEIR OWN SMALL BUSINESS.**

**LET'S WORK TOGETHER. LET US MAINTAIN AN OPEN
AND HONEST RELATIONSHIP. WHEN YOU SPEAK, I WILL
LISTEN.**

THANK YOU.